



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

December 23, 2004

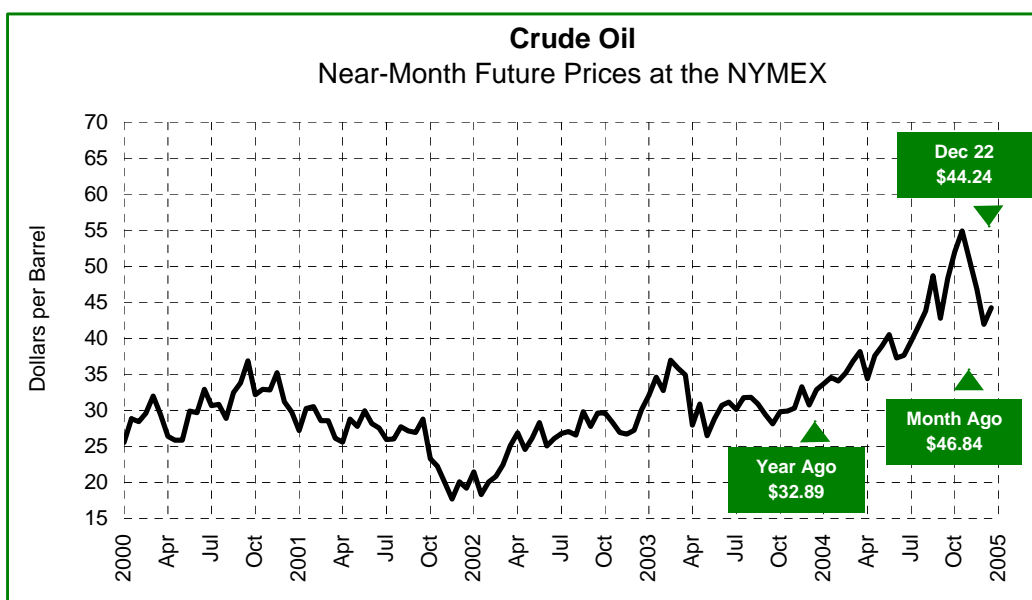
Crude Oil

On December 22, crude oil futures on the NYMEX settled at \$44.24 per barrel, an increase of \$3.53 per barrel since the December 10 price of \$40.71, the lowest price since July 21.

Crude Oil - Near Month Future Prices (dollars per barrel)

	<u>12-22-04</u>	<u>11-17-04</u>	<u>change</u>	<u>12-16-03</u>	<u>change</u>
NYMEX	\$44.24	\$46.84	down 6%	\$32.89	up 35%

- Crude oil prices have settled below \$50 per barrel since Nov. 4 and have traded as low as \$40.71. Higher crude prices have been supported by OPEC's Dec. 10 call to maintain production at 27 million barrels per day, reducing current over-production by 1 million barrels per day, effective Jan. 1, 2005. This announcement continues to support concerns over US heating oil supplies and production issues in Iraq, Norway and Nigeria.
- Other factors that have contributed to strong crude prices are production capacity constraints (limited spare production available worldwide and periodic supply disruptions in Iraq, Nigeria and hurricane activity in the Gulf of Mexico), transportation capacity constraints (pipelines operating at full capacity), tight inventory levels, particularly earlier in the year, and strong demand for oil products across the globe, especially in China and the United States.



- U.S. commercial crude oil supplies stand at an estimated 295.9 million barrels, well within the 5-year supply range for this time of year. Crude supplies are 21.4 million barrels higher compared to last year's storage levels, according to EIA.

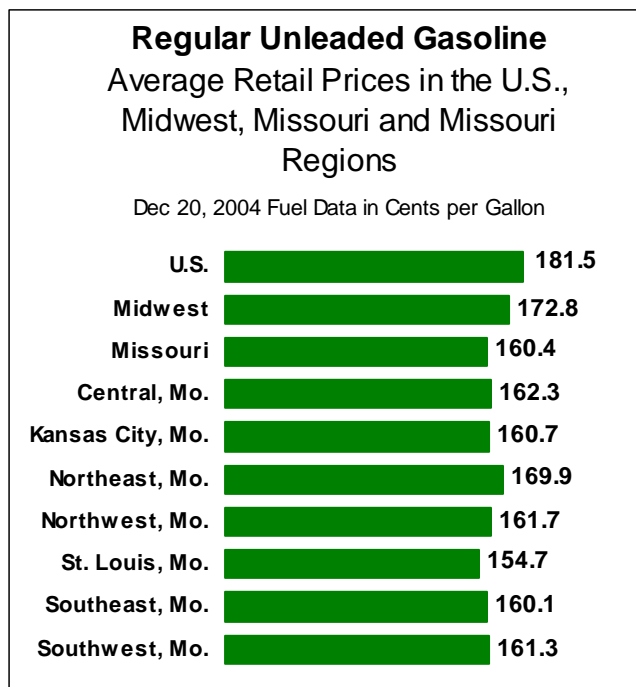
Transportation Fuels

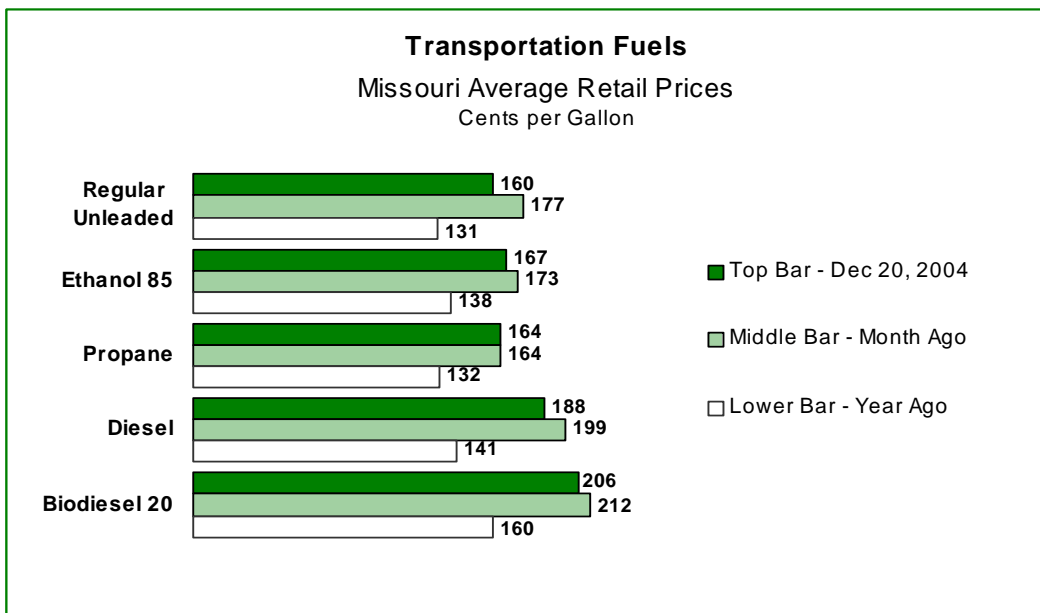
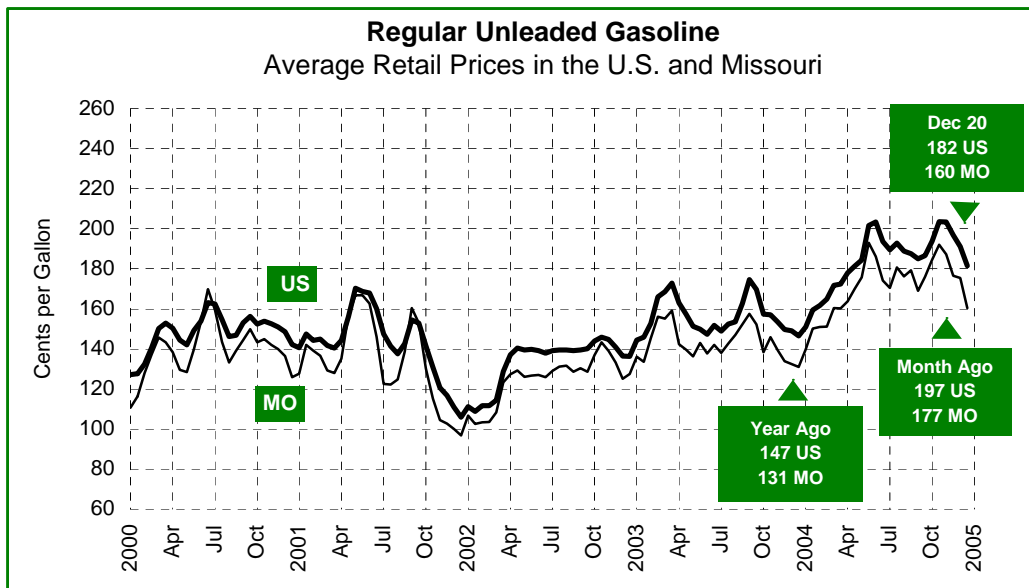
Missouri's average retail price for regular unleaded gasoline decreased 17 cents per gallon from the previous month to reach \$1.60 per gallon on Dec. 20.

<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>12-20-04</u>	<u>11-15-04</u>	<u>change</u>	<u>12-15-03</u>	<u>change</u>
US	182	197	down 8%	147	up 24%
Missouri	160	177	down 9%	131	up 22%

<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>12-20-04</u>	<u>11-15-04</u>	<u>change</u>	<u>12-15-03</u>	<u>change</u>
Missouri	188	199	down 6%	141	up 34%

- Over the last year, Missouri's average retail gasoline prices have increased 22 percent, climbing from 131 cents per gallon to 160 cents per gallon. During the last month, Missouri retail prices have decreased by 17 cents per gallon, or 9 percent, in response to the falling price for motor gasoline at the NYMEX. Missouri motor gasoline retail prices peaked at nearly \$2 per gallon on May 17. Retail prices may fall slightly through the balance of December but will likely remain stronger compared to last year based on the strength of current crude oil prices.





Motor Gasoline - Total Stocks (millions of barrels)					
	12-17-04	11-12-04	change	12-12-03	change
US	211.4	200.9	up 5%	202.4	up 4%

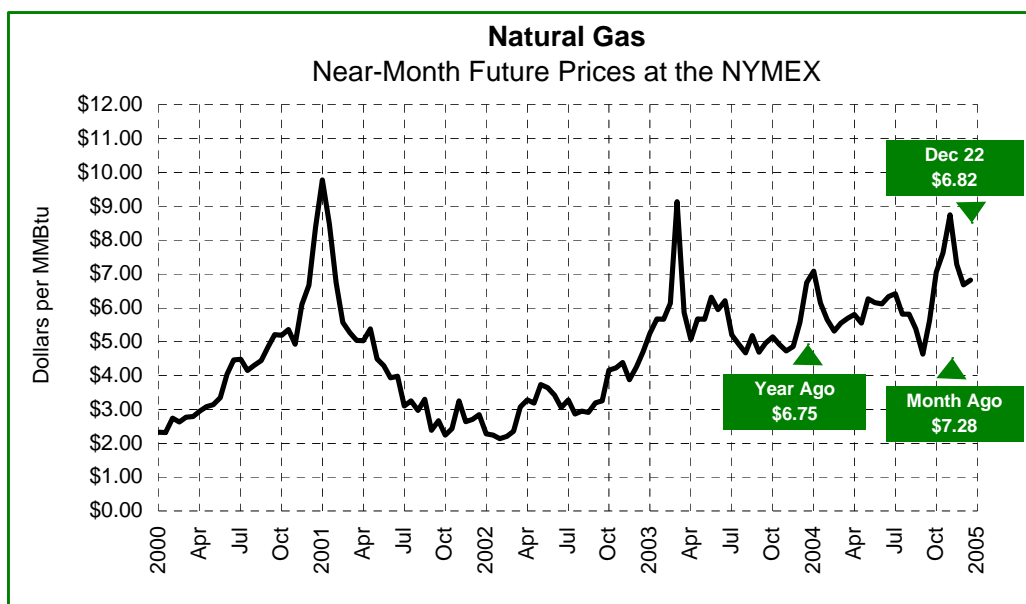
- U.S. gasoline supplies for the week ending Dec. 17 increased by 1.8 million barrels from the previous week, placing them at 211.4 million barrels, well within the 5-year average for this time of year and 8.4 million barrels higher than last year at this time. U.S. gasoline supplies increased due to higher gasoline production by refineries, strong gasoline imports and falling demand throughout Dec. Midwest gasoline supplies increased by 1.4 million barrels, moving from 50 million barrels on Dec. 10 to 51.4 million barrels on Dec. 17.
- U.S. gasoline production was estimated at 8.9 million barrels per day as of Dec. 17. Imports contributed an additional 0.7 million barrels per day, down 0.08 million barrels per day from the previous week.

Natural Gas

Approximately 56 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On Dec. 22, natural gas futures closed at \$6.82 per MMBtu, a decrease of \$0.46 per MMBtu since last month and just \$0.07 higher than last year, an increase of 1 percent.

Natural Gas - Near Month Future Prices (dollars per mmbtu)					
NYMEX	12-22-04	11-17-04	change	12-16-03	change
	\$6.82	\$7.28	down 6%	\$6.75	up 1%



- Working gas inventories stood at 3,150 Bcf as of Friday, December 10, according to the EIA's Weekly Natural Gas Storage Report. This is 14.3 percent greater than the previous 5-year (1999-2003) average. The implied net withdrawal of 61 Bcf is 45 percent less than the 5-year average for the week. Current storage levels are 300 Bcf higher than last year.
- Warmer temperatures that prevailed over nearly the entire country during the report week ending Dec. 11 suppressed space-heating demand and contributed to the relatively small net decrease in inventories. According to the latest National Weather Service data for the week ended Saturday, Dec. 11, temperatures nationwide were more than 24 percent above normal.
- With the arrival of significantly colder temperatures for much of the country during the last two weeks, the anticipated increase in demand for space heating may have an impact on prices and inventories that will be reflected in EIA's Dec. 30 Weekly Natural Gas Storage Report.
- On Dec. 7, EIA lowered their projection for Midwest households' average natural gas winter heating bills from an estimated 15.3 percent increase to an increase of 9.3 percent compared to last year. This is based on natural gas prices that are expected to be 7.3 percent higher than last year.

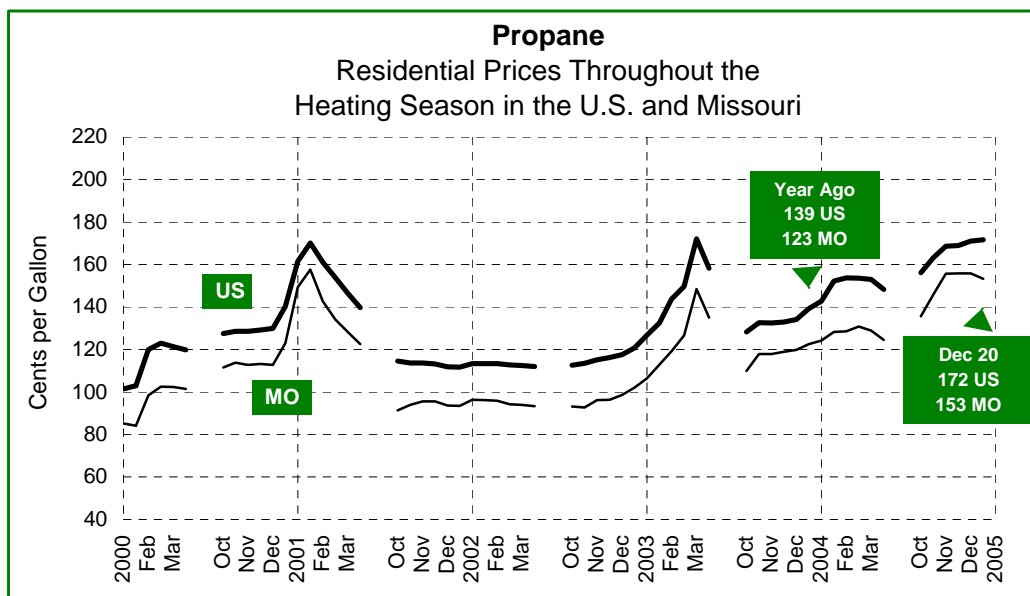
Propane

Approximately 13 percent (293,803) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

Missouri's average retail propane price was \$1.53 per gallon on Dec. 20, down \$0.03 from a month ago but is 25 percent higher than a year ago.

Propane - Residential Prices (cents per gallon)					
	12-20-04	11-15-04	change	12-15-03	change
Missouri	153	156	down 2%	123	up 25%

- U.S. supplies of propane decreased by 2.7 million barrels placing supplies at an estimated 58.8 million barrels as of Dec. 17. Midwest supplies decreased from the previous week, falling 0.48 million barrels to 20.2 million barrels as of Dec. 17. Midwest propane supplies are 1.95 million barrels lower compared to the same period last year. Colder temperatures in the Midwest for the week ending Dec. 17 resulted in higher propane space-heating demand and may lead to higher prices by the end of Dec.
- NYMEX propane future prices settled at \$0.80 per gallon on Dec. 22 compared to \$0.64 this time last year (Dec. 22, 2003). Propane prices remain higher than last year due to high crude oil prices within the \$40-\$50 price range throughout the year and stronger natural gas prices compared to last year.
- On Dec. 7, EIA lowered their projection for Midwest households' average propane winter heating bills from an increase of 26 percent over last winter to 22.4 percent higher than last year. This is based on propane prices over the winter heating months averaging more than 20 percent higher than last year at \$1.56 per gallon with an average consumption of 898 gallons.



Missouri Energy Outlook

The Missouri Energy Outlook, an energy resource analysis reviewing prices and availability of energy in Missouri over the winter months was released in November by the Missouri Department of Natural Resources' Energy Center. Copies of the Missouri Energy Outlook are available online at the department's Web site at <http://www.dnr.mo.gov/energy/publications.htm> or may be obtained by calling the Missouri Department of Natural Resources' Energy Center at (573) 751-3443 or the department toll free at (800) 361-4827.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers.

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